



BERBERICH TRAHAN & CO., P.A.

Certified Public Accountants

SANTA FE TRAIL UNIFIED SCHOOL
DISTRICT NO. 434
CARBONDALE, KANSAS

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

Year Ended June 30, 2010

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SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

Year Ended June 30, 2010

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BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Education
Santa Fe Trail Unified School District No. 434:

We have audited the financial statements of Santa Fe Trail Unified School District No. 434 (the District) as of and for the year ended June 30, 2010, as listed in the accompanying table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit Guide*; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the District has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of each fund of the District as of June 30, 2010, or changes in financial position thereof for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of Santa Fe Trail Unified School District No. 434 as of June 30, 2010, and their respective cash receipts and cash disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2010 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules listed under supplementary information in the accompanying table of contents, including the Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, are presented for purposes of additional analysis, and are not a required part of the financial statements of Santa Fe Trail Unified School District No. 434. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Berberich Trahan & Co., P.A.

September 21, 2010

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SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND
UNENCUMBERED CASH

Year Ended June 30, 2010

<u>FUNDS</u>	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances
General fund	\$ (951,895)	\$ -
Supplemental general	(239,802)	-
Special revenue funds:		
Vocational education	-	-
Special education	500,000	-
Driver training	7,430	-
Food service	72,805	-
Capital outlay	400,000	-
Professional development	(524)	-
Extraordinary school program	74,841	-
KPERs special retirement contribution	-	-
At-risk (K-12)	-	-
At-risk (4 year-old)	-	-
Federal grant funds	10,070	-
Gate receipts	12,847	-
District activity funds	42,601	-
Textbook rental	73,589	-
Contingency reserve	100,000	-
Gifts and grants	-	-
Debt service fund:		
Bond and interest	278,325	-
	<u>\$ 380,287</u>	<u>\$ -</u>

Composition of cash:

 Checking accounts
 Agency Funds per Statement 4

Total Reporting Entity (Excluding Agency Funds)

See accompanying notes to financial statements.

Statement 1

Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
\$ 8,374,997	\$ 8,002,456	\$ (579,354)	\$ 646,610	\$ 67,256
2,645,706	2,650,456	(244,552)	48,197	(196,355)
310,532	259,357	51,175	3,544	54,719
1,403,809	1,386,814	516,995	-	516,995
20,581	18,011	10,000	262	10,262
673,895	685,090	61,610	50	61,660
669,226	669,226	400,000	260,095	660,095
524	-	-	-	-
39,435	43,647	70,629	-	70,629
223,369	437,403	(214,034)	214,034	-
768,779	693,779	75,000	-	75,000
43,869	33,869	10,000	-	10,000
278,028	288,098	-	392	392
68,226	69,414	11,659	-	11,659
372,862	370,580	44,883	-	44,883
43,130	60,497	56,222	-	56,222
20,000	-	120,000	-	120,000
1,372	1,372	-	-	-
677,966	652,318	303,973	-	303,973
<u>\$ 16,636,306</u>	<u>\$ 16,322,387</u>	<u>\$ 694,206</u>	<u>\$ 1,173,184</u>	<u>\$ 1,867,390</u>
				\$ 1,932,698
				(65,308)
				<u>\$ 1,867,390</u>

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

SUMMARY OF EXPENDITURES - BUDGET AND ACTUAL

Year Ended June 30, 2010

	<u>Certified Budget</u>
<u>FUNDS</u>	
General fund	\$ 8,499,692
Supplemental general	2,698,997
Special revenue funds:	
Vocational education	286,825
Special education	1,819,815
Driver training	26,170
Food service	720,825
Capital outlay	700,000
Professional development	20,000
Extraordinary school program	85,575
KPERs special retirement contribution	518,393
At-risk (K-12)	772,524
At-risk (4 year-old)	75,616
Federal grant funds	297,774
Debt service fund:	
Bond and interest	<u>653,413</u>
Totals	<u>\$ 17,175,619</u>

See accompanying notes to financial statements.

Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
\$ (551,519)	\$ 54,283	\$ 8,002,456	\$ 8,002,456	\$ -
(48,541)	-	2,650,456	2,650,456	-
-	-	286,825	259,357	(27,468)
-	-	1,819,815	1,386,814	(433,001)
-	-	26,170	18,011	(8,159)
-	-	720,825	685,090	(35,735)
-	-	700,000	669,226	(30,774)
-	-	20,000	-	(20,000)
-	-	85,575	43,647	(41,928)
-	-	518,393	437,403	(80,990)
-	-	772,524	693,779	(78,745)
-	-	75,616	33,869	(41,747)
-	-	297,774	288,098	(9,676)
-	-	653,413	652,318	(1,095)
\$ (600,060)	\$ 54,283	\$ 16,629,842	\$ 15,820,524	

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL

Year Ended June 30, 2010

	Budget	Actual	Variance - Over (Under)
Cash receipts:			
Ad valorem tax in process	\$ 60,879	\$ 66,061	\$ 5,182
Ad valorem current tax	677,856	686,828	8,972
Ad valorem delinquent tax	16,158	20,136	3,978
State equalization aid	6,104,866	5,960,248	(144,618)
State special education aid	1,282,511	1,230,019	(52,492)
Federal aid	357,422	357,422	-
Miscellaneous reimbursed expenses	-	54,283	54,283
Total cash receipts	\$ 8,499,692	8,374,997	\$ (124,695)
Expenditures, encumbrances and transfers:			
Instruction	\$ 3,999,800	3,236,927	\$ (762,873)
Student support services	402,725	379,011	(23,714)
Instructional support staff	266,290	255,924	(10,366)
General administration	186,300	417,851	231,551
School administration	665,025	634,769	(30,256)
Operations and maintenance	441,260	430,881	(10,379)
Other supplemental services	268,685	-	(268,685)
Transportation	-	16,386	16,386
Transfers to other funds	2,269,607	2,630,707	361,100
Adjustment to comply with legal max	(551,519)		551,519
Adjustment for qualifying budget credits	54,283		(54,283)
Total expenditures, encumbrances and transfers	\$ 8,002,456	8,002,456	\$ -
Cash receipts over expenditures, encumbrances and transfers		372,541	
Unencumbered cash, beginning		(951,895)	
Unencumbered cash, ending		\$ (579,354) *	

* See Note 9 for statutory basis unencumbered cash balance.

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

SUPPLEMENTAL GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2010

	Budget	Actual	Variance - Over (Under)
Cash receipts:			
Ad valorem tax in process	\$ 76,551	\$ 83,500	\$ 6,949
Ad valorem current tax	1,054,560	932,192	(122,368)
Ad valorem delinquent tax	19,799	25,025	5,226
Motor vehicle tax	145,718	130,257	(15,461)
Recreational vehicle tax	4,389	4,268	(121)
Federal aid	-	370,819	370,819
Supplemental state aid	1,496,081	1,099,645	(396,436)
Total cash receipts	\$ 2,797,098	2,645,706	\$ (151,392)
Expenditures, encumbrances and transfers:			
Instruction	\$ 299,275	734,627	\$ 435,352
Student support services	11,100	12,400	1,300
Instructional support staff	30,000	20,744	(9,256)
General administration	36,000	46,275	10,275
Operations and maintenance	714,960	624,886	(90,074)
Student transportation services	724,644	761,341	36,697
Other supplemental services	106,000	54,374	(51,626)
Transfers to other funds	777,018	395,809	(381,209)
Adjustment to comply with legal max	(48,541)		48,541
Total expenditures, encumbrances and transfers	\$ 2,650,456	2,650,456	\$ -
Cash receipts under expenditures, encumbrances and transfers		(4,750)	
Unencumbered cash, beginning		(239,802)	
Unencumbered cash, ending		\$ (244,552) *	

* See Note 9 for statutory basis unencumbered cash balance.

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

VOCATIONAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2010

	Budget	Actual	Variance - Over (Under)
Cash receipts and transfers:			
Federal aid	\$ -	\$ 15,000	\$ 15,000
Transfer from general fund	123,166	227,125	103,959
Transfer from supplemental general fund	175,000	68,407	(106,593)
Total cash receipts and transfers	<u>\$ 298,166</u>	<u>310,532</u>	<u>\$ 12,366</u>
Expenditures and encumbrances:			
Instruction	\$ 286,825	244,220	\$ (42,605)
Student support services	-	15,043	15,043
School administration	-	94	94
Total expenditures and encumbrances	<u>\$ 286,825</u>	<u>259,357</u>	<u>\$ (27,468)</u>
Cash receipts and transfers over expenditures and encumbrances		51,175	
Unencumbered cash, beginning		<u>-</u>	
Unencumbered cash, ending		<u>\$ 51,175</u>	

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

SPECIAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2010

	Budget	Actual	Variance - Over (Under)
Cash receipts and transfers:			
Medicaid	\$ -	\$ 5,369	\$ 5,369
Local revenues	-	28,678	28,678
Transfer from general fund	1,282,511	1,230,019	(52,492)
Transfer from supplemental general fund	414,454	139,743	(274,711)
Total cash receipts and transfers	<u>\$ 1,696,965</u>	<u>1,403,809</u>	<u>\$ (293,156)</u>
Expenditures:			
Instruction	\$ 1,696,965	1,304,069	\$ (392,896)
Student support services	12,912	9,711	(3,201)
Student transportation services	109,938	73,034	(36,904)
Total expenditures	<u>\$ 1,819,815</u>	<u>1,386,814</u>	<u>\$ (433,001)</u>
Cash receipts and transfers over expenditures		16,995	
Unencumbered cash, beginning		<u>500,000</u>	
Unencumbered cash, ending		<u>\$ 516,995</u>	

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

DRIVER TRAINING FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2010

	Budget	Actual	Variance - Over (Under)
Cash receipts and transfers:			
State aid	\$ 3,500	\$ 2,750	\$ (750)
Reimbursements	-	9,975	9,975
Transfer from supplemental general fund	20,000	7,856	(12,144)
Total cash receipts and transfers	<u>\$ 23,500</u>	<u>20,581</u>	<u>\$ (2,919)</u>
Expenditures and encumbrances:			
Instruction	\$ 21,670	16,605	\$ (5,065)
Operations and maintenance	4,500	1,406	(3,094)
Total expenditures and encumbrances	<u>\$ 26,170</u>	<u>18,011</u>	<u>\$ (8,159)</u>
Cash receipts and transfers over expenditures and encumbrances		2,570	
Unencumbered cash, beginning		<u>7,430</u>	
Unencumbered cash, ending		<u>\$ 10,000</u>	

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

FOOD SERVICE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2010

	Budget	Actual	Variance - Over (Under)
Cash receipts and transfers:			
State aid	\$ 7,382	\$ 6,636	\$ (746)
Federal aid	276,421	296,029	19,608
Local revenues	324,989	292,150	(32,839)
Transfer from general fund	6,104	-	(6,104)
Transfer from supplemental general fund	-	76,024	76,024
Interest on idle funds	50,000	3,056	(46,944)
	<u>\$ 664,896</u>	<u>673,895</u>	<u>\$ 8,999</u>
Total cash receipts and transfers			
Expenditures and encumbrances:			
Food service operation	<u>\$ 720,825</u>	<u>685,090</u>	<u>\$ (35,735)</u>
Cash receipts and transfers under expenditures and encumbrances		(11,195)	
Unencumbered cash, beginning		<u>72,805</u>	
Unencumbered cash, ending		<u>\$ 61,610</u>	

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

CAPITAL OUTLAY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2010

	Amended and Final Budget	Actual	Variance - Over (Under)
Cash receipts and transfers:			
Ad valorem tax in process	\$ 4,844	\$ 5,867	\$ 1,023
Ad valorem current tax	58,223	58,925	702
Ad valorem delinquent tax	1,386	3,460	2,074
Motor vehicle tax	10,692	9,530	(1,162)
Recreational vehicle tax	322	313	(9)
Interest revenue	-	565	565
Other	145,872	145,872	-
Transfer from general fund	157,250	444,694	287,444
Total cash receipts and transfers	<u>\$ 378,589</u>	<u>669,226</u>	<u>\$ 290,637</u>
Expenditures and encumbrances:			
Instruction equipment	\$ 100,000	5,630	\$ (94,370)
General administrative equipment	175,398	175,398	-
School administration equipment	-	21,078	21,078
Operations and maintenance	-	32,930	32,930
Site and building improvements	424,602	434,190	9,588
Total expenditures and encumbrances	<u>\$ 700,000</u>	<u>669,226</u>	<u>\$ (30,774)</u>
Cash receipts and transfers over expenditures and encumbrances		-	
Unencumbered cash, beginning		<u>400,000</u>	
Unencumbered cash, ending		<u>\$ 400,000</u>	

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

PROFESSIONAL DEVELOPMENT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2010

	Budget	Actual	Variance - Over (Under)
Cash receipts and transfers:			
State aid	\$ -	\$ 524	\$ 524
Transfer from supplemental general fund	20,000	-	(20,000)
Total cash receipts and transfers	<u>\$ 20,000</u>	<u>524</u>	<u>\$ (19,476)</u>
Expenditures:			
Instruction support staff	<u>\$ 20,000</u>	<u>-</u>	<u>\$ (20,000)</u>
Cash receipts and transfers over expenditures		524	
Unencumbered cash, beginning		<u>(524)</u>	
Unencumbered cash, ending		<u>\$ -</u>	

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

EXTRAORDINARY SCHOOL PROGRAM FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
Cash receipts:			
Fees	\$ 50,000	\$ 39,435	\$ (10,565)
Expenditures:			
Instruction	\$ 85,575	43,647	\$ (41,928)
Cash receipts under expenditures		(4,212)	
Unencumbered cash, beginning		74,841	
Unencumbered cash, ending		\$ 70,629	

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2010

	Budget	Actual	Variance - Over (Under)
Cash receipts:			
State aid	\$ 518,393	\$ 223,369	\$ (295,024)
Expenditures and encumbrances:			
Instruction	\$ 340,393	287,507	\$ (52,886)
Student support services	30,000	24,751	(5,249)
Instructional support staff	20,000	15,539	(4,461)
General administration	15,000	11,569	(3,431)
School administration	50,000	40,643	(9,357)
Other support services	18,000	14,264	(3,736)
Operations and maintenance	30,000	26,625	(3,375)
Transportation	-	79	79
Food service operations	15,000	16,426	1,426
Total expenditures and encumbrances	\$ 518,393	437,403	\$ (80,990)
Cash receipts under expenditures and encumbrances		(214,034)	
Unencumbered cash, beginning		-	
Unencumbered cash, ending		\$ (214,034) *	

* See Note 9 for statutory basis unencumbered cash balance.

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

AT-RISK FUND (K-12)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2010

	Budget	Actual	Variance - Over (Under)
Transfers:			
Transfer from general fund	\$ 649,960	\$ 675,000	\$ 25,040
Transfer from supplemental general fund	122,564	93,779	(28,785)
Total transfers	<u>\$ 772,524</u>	<u>768,779</u>	<u>\$ (3,745)</u>
Expenditures:			
Instruction	<u>\$ 772,524</u>	<u>693,779</u>	<u>\$ (78,745)</u>
Transfers over expenditures		75,000	
Unencumbered cash, beginning		-	
Unencumbered cash, ending		<u>\$ 75,000</u>	

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

AT-RISK FUND (4 YEAR-OLD)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
Transfers:			
Transfer from general fund	\$ 50,616	\$ 33,869	\$ (16,747)
Transfer from supplemental general fund	<u>25,000</u>	<u>10,000</u>	<u>(15,000)</u>
Total transfers	<u><u>\$ 75,616</u></u>	<u>43,869</u>	<u><u>\$ (31,747)</u></u>
Expenditures:			
Instruction	<u><u>\$ 75,616</u></u>	<u>33,869</u>	<u><u>\$ (41,747)</u></u>
Transfers over expenditures		10,000	
Unencumbered cash, beginning		<u>-</u>	
Unencumbered cash, ending		<u><u>\$ 10,000</u></u>	

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

BOND AND INTEREST FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2010

	Amended and Final Budget	Actual	Variance - Over (Under)
Cash receipts:			
Ad valorem tax in process	\$ 30,266	\$ 33,114	\$ 2,848
Ad valorem current tax	300,679	288,083	(12,596)
Ad valorem delinquent tax	7,851	10,131	2,280
Motor vehicle tax	58,679	52,492	(6,187)
Recreational vehicle tax	1,767	1,721	(46)
Other revenue	-	18,165	18,165
State aid	274,260	274,260	-
	<u>\$ 673,502</u>	<u>677,966</u>	<u>\$ 4,464</u>
Total cash receipts			
Expenditures:			
Principal	\$ 550,000	550,000	\$ -
Interest expense	87,813	87,813	-
Cost of issuance	15,600	14,505	(1,095)
	<u>\$ 653,413</u>	<u>652,318</u>	<u>\$ (1,095)</u>
Total expenditures			
Cash receipts over expenditures		25,648	
Unencumbered cash, beginning		<u>278,325</u>	
Unencumbered cash, ending		<u>\$ 303,973</u>	

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

FEDERAL GRANT FUNDS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2010

	<u>Title I</u>	<u>Title II A</u>	<u>Title II D</u>
Cash receipts:			
Federal aid	<u>\$ 237,698</u>	<u>\$ 23,432</u>	<u>\$ 661</u>
Expenditures and encumbrances:			
Instruction	237,698	8,444	165
Instructional support staff	-	25,058	-
Operations and maintenance	-	-	-
Other supplemental services	<u>-</u>	<u>-</u>	<u>496</u>
Total expenditures and encumbrances	<u>237,698</u>	<u>33,502</u>	<u>661</u>
Cash receipts under expenditures and encumbrances	-	(10,070)	-
Unencumbered cash, beginning	<u>-</u>	<u>10,070</u>	<u>-</u>
Unencumbered cash, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(Continued)

<u>Drug-Free Schools</u>	<u>21st Century</u>	<u>Other Federal Grants</u>	<u>Total Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
<u>\$ 2,775</u>	<u>\$ 12,000</u>	<u>\$ 1,462</u>	<u>\$ 278,028</u>	<u>\$ 306,162</u>	<u>\$ (28,134)</u>
2,775	11,436	-	260,518	\$ 270,490	\$ (9,972)
-	564	-	25,622	25,775	(153)
-	-	1,462	1,462	-	1,462
-	-	-	496	1,509	(1,013)
<u>2,775</u>	<u>12,000</u>	<u>1,462</u>	<u>288,098</u>	<u>\$ 297,774</u>	<u>\$ (9,676)</u>
-	-	-	(10,070)		
-	-	-	10,070		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

TEXTBOOK RENTAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
(Continued)

Year Ended June 30, 2010

Cash receipts:	
Interest revenue	\$ 20
Fees	<u>43,110</u>
Total cash receipts	43,130
Expenditures:	
Instruction	<u>60,497</u>
Cash receipts under expenditures	(17,367)
Unencumbered cash, beginning	<u>73,589</u>
Unencumbered cash, ending	<u><u>\$ 56,222</u></u>

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

CONTINGENCY RESERVE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
(Continued)

Year Ended June 30, 2010

Transfers:	
Transfer from general fund	\$ 20,000
Unencumbered cash, beginning	<u>100,000</u>
Unencumbered cash, ending	<u><u>\$ 120,000</u></u>

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

GIFTS AND GRANTS FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
(Continued)

Year Ended June 30, 2010

Cash receipts:	
Contributions	\$ 1,372
Expenditures:	
Instruction	<u>1,372</u>
Cash receipts over expenditures	-
Unencumbered cash, beginning	<u>-</u>
Unencumbered cash, ending	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

STUDENT ORGANIZATION FUNDS

SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2010

Funds	Balance, July 1	Cash Receipts	Cash Disbursements	Balance, June 30
High School:				
Band boosters	\$ 5,317	\$ 25,131	\$ 26,474	\$ 3,974
FBLA	1	6,547	6,315	233
Vocal music	646	3,049	2,946	749
Kays	662	1,068	817	913
Drama	4,760	4,884	3,425	6,219
Debate/forensics	1,954	760	1,215	1,499
Drill team	848	12,001	12,423	426
Scholar's bowl	195	200	-	395
Art club	3,695	-	3,536	159
National honor society	7	1,217	745	479
Thunderstick spirit club	1,310	8,875	8,284	1,901
Cheerleaders	1,677	6,556	7,734	499
SADD	1,351	640	234	1,757
Class of 2010	2,216	1,541	2,609	1,148
Class of 2011	1,955	3,950	3,085	2,820
Class of 2012	828	864	12	1,680
Class of 2013	-	1,140	-	1,140
Sales tax	951	6,818	7,485	284
ACCC non-credit fees	-	912	382	530
Memorial funds	226	254	75	405
Student council	3,694	18,599	15,628	6,665
Scholarships	1,698	-	1,672	26
Subtotal High School	<u>33,991</u>	<u>105,006</u>	<u>105,096</u>	<u>33,901</u>
Overbrook Attendance Center:				
Sales tax	197	104	299	2
Book club	1	-	-	1
Student advisory council	531	-	100	431
4th/5th Grades	7	-	-	7
8th Grade	1,413	-	1,413	-
Spirit squad	303	-	303	-
Pep club	131	-	131	-
Subtotal Overbrook Attendance Center	<u>\$ 2,583</u>	<u>\$ 104</u>	<u>\$ 2,246</u>	<u>\$ 441</u>

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

STUDENT ORGANIZATION FUNDS

SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS
(Continued)

Year Ended June 30, 2010

Funds	Balance, July 1	Cash Receipts	Cash Disbursements	Balance, June 30
Carbondale Attendance Center:				
Sales tax	\$ 222	\$ 3,594	\$ 2,981	\$ 835
Scholarships	244	6	-	250
Science/ecology club	801	-	40	761
Drill team	20	-	-	20
Pepclub	134	131	-	265
Cheerleaders	408	5,674	5,172	910
Student council	6,791	15,510	11,756	10,545
FCA	272	-	-	272
Charger youth football	-	4,246	3,399	847
Theatre	-	545	370	175
Gifted	-	1,306	245	1,061
8th Grade	1,785	4,090	5,315	560
Just say no club	726	25	317	434
K.C.'s fitness	922	676	-	1,598
7th Grade	372	-	-	372
Subtotal Carbondale Attendance Center	<u>12,697</u>	<u>35,803</u>	<u>29,595</u>	<u>18,905</u>
Scranton Attendance Center:				
8th Grade	1,123	-	1,123	-
Music	136	-	-	136
Pepclub	136	-	135	1
Sales tax	-	638	36	602
Stuco	6,688	42,817	38,183	11,322
Subtotal Scranton Attendance Center	<u>8,083</u>	<u>43,455</u>	<u>39,477</u>	<u>12,061</u>
Total all funds	<u>\$ 57,354</u>	<u>\$ 184,368</u>	<u>\$ 176,414</u>	<u>\$ 65,308</u>

See accompanying notes to financial statements.

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

DISTRICT ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Year Ended June 30, 2010

Funds	Balance, July 1	Prior Year Cancelled Encumbrances	Cash Receipts	Cash Disbursements	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Balance, June 30
Gate receipts:							
Seranton Attendance Center	\$ -	\$ -	\$ 200	\$ 200	\$ -	\$ -	\$ -
Overbrook Attendance Center	649	-	-	649	-	-	-
Carbondale Attendance Center	3,292	-	14,586	12,107	5,771	-	5,771
High School	8,906	-	53,440	56,458	5,888	-	5,888
Total gate receipts	<u>\$ 12,847</u>	<u>\$ -</u>	<u>\$ 68,226</u>	<u>\$ 69,414</u>	<u>\$ 11,659</u>	<u>\$ -</u>	<u>\$ 11,659</u>

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

DISTRICT ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
(Continued)

Year Ended June 30, 2010

Funds	Balance, July 1	Prior Year Cancelled Encumbrances	Cash Receipts	Cash Disbursements	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Balance, June 30
School projects:							
Scranton Attendance Center:							
General account	\$ 426	\$ -	\$ -	\$ 426	\$ -	\$ -	\$ -
Enrollment fees/textbooks	-	-	330	330	-	-	-
Lunch account	-	-	31,212	31,212	-	-	-
Library	252	-	2,243	2,218	277	-	277
Student supplies	177	-	-	-	177	-	177
Subtotal Scranton Attendance Center	855	-	33,785	34,186	454	-	454
Carbondale Attendance Center:							
Student supplies	4,004	-	15,792	13,297	6,499	-	6,499
Enrollment fees/textbooks	-	-	12,750	12,750	-	-	-
Lunch account	-	-	76,020	75,705	315	-	315
Yearbook	1,282	-	2,602	2,612	1,272	-	1,272
School pictures	5,097	-	1,591	231	6,457	-	6,457
Pencils	1,933	-	178	451	1,660	-	1,660
Fund raisers	5,433	-	388	1,234	4,587	-	4,587
P.E. funds	728	-	21	-	749	-	749
Book fairs	1,240	-	5,289	5,713	816	-	816
Fire funds	598	-	205	317	486	-	486
Subtotal Carbondale Attendance Center	20,315	-	114,836	112,310	22,841	-	22,841
Overbrook Attendance Center:							
District passes	-	-	20	20	-	-	-
Enrollment fees/textbooks	25	-	18,029	18,054	-	-	-
Lunch account	-	-	49,517	48,842	675	-	675
Book fairs	168	-	3,582	3,716	34	-	34
Overbrook staff	21	-	1,754	1,023	752	-	752
Principal's booster club	4,452	-	1,636	707	5,381	-	5,381
Juice fund	278	-	-	41	237	-	237
Library	283	-	202	119	366	-	366
School planners	873	-	-	-	873	-	873
Miscellaneous	916	-	2,192	1,973	1,135	-	1,135
Theatre	449	-	-	449	-	-	-
School fund	635	-	2,527	1,684	1,478	-	1,478
Subtotal forward	\$ 8,100	\$ -	\$ 79,459	\$ 76,628	\$ 10,931	\$ -	\$ 10,931

(Continued)

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

DISTRICT ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
(Continued)

Year Ended June 30, 2010

Funds	Balance, July 1	Prior Year Cancelled Encumbrances	Cash Receipts	Cash Disbursements	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Balance, June 30
Overbrook Attendance Center:							
Balance forward	\$ 8,100	\$ -	\$ 79,459	\$ 76,628	\$ 10,931	\$ -	\$ 10,931
Yearbooks	269	-	1,932	1,939	262	-	262
Building grounds & playgrounds	120	-	-	94	26	-	26
Supplies to buy	911	-	-	406	505	-	505
Renaissance	432	-	-	432	-	-	-
Gifted program	1,264	-	-	1,264	-	-	-
Concessions	2	-	-	2	-	-	-
Subtotal Overbrook Attendance Center	11,098	-	81,391	80,765	11,724	-	11,724
High School:							
Principal's advisory committee	528	-	-	528	-	-	-
Enrollment fees/textbooks	-	-	13,437	13,439	(2)	-	(2)
Lunch account	-	-	101,622	101,634	(12)	-	(12)
Tech prep grant	511	-	-	-	511	-	511
Gifted students	110	-	-	-	110	-	110
Odyssey of the Mind	1,311	-	130	-	1,441	-	1,441
Special services fund	927	-	7	50	884	-	884
Yearbooks	1,229	-	14,910	15,149	990	-	990
Renaissance	1,456	-	6,114	6,372	1,198	-	1,198
Little store	139	-	1,043	945	237	-	237
Charger shop	2,649	-	1,689	1,927	2,411	-	2,411
Student supplies	1,166	-	3,763	3,275	1,654	-	1,654
Library	307	-	135	-	442	-	442
Subtotal High School	10,333	-	142,850	143,319	9,864	-	9,864
Total School Project Funds	\$ 42,601	\$ -	\$ 372,862	\$ 370,580	\$ 44,883	\$ -	\$ 44,883

See accompanying notes to financial statements.

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

1 - Reporting Entity

Santa Fe Trail Unified School District No. 434 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements include all the accounts for which the District is considered to be financially accountable. The District has no component units.

2 - Summary of Significant Accounting Policies

(a) Fund Descriptions

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2010:

GOVERNMENTAL FUNDS

General Fund and Supplemental General Fund are used to account for the general operations of the District and are used to account for all unrestricted resources except those required to be accounted for in other funds.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by legal or administrative action and to account for expenditures for specified purposes.

Debt Service Fund is used to account for the accumulation of resources for and the payment of interest, principal and related costs on long-term debt.

FIDUCIARY FUNDS

Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations, other governmental units and/or other funds. Agency funds are custodial in nature and do not involve measurement of operations.

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

(b) Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c) waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the District to use the statutory basis of accounting.

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, buildings and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, temporary notes and compensated absences is not presented in the financial statements.

(c) Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, supplemental general fund, special revenue funds (unless specifically exempted by statute) and the debt service fund. The statutes suggest the following sequence and timetable in the adoption of the legal annual operating budget:

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

(c) Budget and Tax Cycle (Continued)

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. The District amended the budgets for the Bond and Interest Fund and the Capital Outlay fund for the fiscal year ended June 30, 2010.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for agency funds and the following special revenue funds:

Textbook Rental, Contingency Reserve, Gifts and Grants and District Activity Funds (Gate Receipts and School Projects).

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

(c) Budget and Tax Cycle (Continued)

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body.

All budgets must be filed with the County Clerk by August 25th. The County Clerk must calculate the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the Clerk certifies the tax roll to the County Treasurer, who prepares tax statements and receives payment.

These taxes become a lien against all property November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20th and May 10th. Delinquent taxes are assessed interest at 12% per annum. This interest is retained by the County.

Taxes levied to finance the budget are made available to the District after January 1st and are distributed by the County Treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

(d) Annual, Personal and Sick Leave Benefits

Under terms of the District's personnel policy, employees are granted vacation and sick leave in varying amounts depending upon employee classification and length of service. All eligible employees accrue sick leave at established rates depending on job classification and number of days worked per year. Vacation is accumulated at the rate of 10 to 25 days per year depending upon employee's length of service and classification. Leaves are prorated for part-time employees.

(e) Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase.

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

(g) Use of Estimates

The preparation of financial statements in compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amounts of encumbrances at the date of the financial statements and the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates.

3 - Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; US government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the District. At June 30, 2010, District's deposits were not exposed to custodial credit risk.

At June 30, 2010, the District had no investments.

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - Long-term Debt (Continued)

Current maturities of long-term debt and interest for the next five years are as follows:

	Year					
	2011	2012	2013	2014	2015	Total
Principal:						
General obligation bond	\$ 570,000	\$ 590,000	\$ 600,000	\$ 445,000	\$ 255,000	\$ 2,460,000
Lease purchase agreement - buses	202,250	202,250	202,250	58,750	-	665,500
Lease purchase agreement - building and equipment	151,789	158,696	165,918	85,769	-	562,172
Total principal	924,039	950,946	968,168	589,519	255,000	3,687,672
Interest:						
General obligation bond	46,300	34,800	23,000	11,800	2,550	118,450
Lease purchase agreement - building and equipment	23,609	16,702	9,480	1,930	-	51,721
Total interest	69,909	51,502	32,480	13,730	2,550	170,171
Total principal and interest	\$ 993,948	\$ 1,002,448	\$ 1,000,648	\$ 603,249	\$ 257,550	\$ 3,857,843

During the year, Series 2010 General Obligation Refunding Bonds were issued in the amount of \$ 2,460,000. This amount was used to refund the principal of the 2003 series bonds in the amount of \$ 2,455,000. The proceeds from the issuance were \$ 2,478,165 and included closing costs related to the issuance of the bonds including the underwriter's discount of \$ 12,220 and a reoffering premium of \$ 30,385. The transaction resulted in a reduction of future debt service payments of approximately \$ 69,154.

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - Long-term Debt (Continued)

Bond Indebtedness Limitation

The District is subject to K.S.A. 72-6761 which restricts the level of the authorized and outstanding bond indebtedness of the District to not more than 14% of the assessed valuation of tangible taxable property within the District.

At June 30, 2010, based upon the assessed valuation of \$ 45,154,082, the general obligation limit was \$ 6,321,571. The District's bonded indebtedness totaled \$ 2,460,000 less \$ 303,973 available in the bond and interest fund, providing a general obligation debt margin of \$ 4,165,544.

5 - Interfund Transfers

The District made the following interfund transfers during the fiscal year 2010. The transfers were approved by the Board of Education.

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	At-risk fund (4 year-old)	K.S.A. 72-6428	\$ 33,869
General	At-risk fund (K-12)	K.S.A. 72-6428	675,000
General	Capital outlay fund	K.S.A. 72-6428	444,694
General	Special education fund	K.S.A. 72-6428	1,230,019
General	Vocational education fund	K.S.A. 72-6428	227,125
General	Contingency fund	K.S.A. 72-6428	20,000
Supplemental general fund	At-risk fund (4 year-old)	K.S.A. 72-6433	10,000
Supplemental general fund	At-risk fund (K-12)	K.S.A. 72-6433	93,779
Supplemental general fund	Driver training fund	K.S.A. 72-6433	7,856
Supplemental general fund	Food service fund	K.S.A. 72-6433	76,024
Supplemental general fund	Special education fund	K.S.A. 72-6433	139,743
Supplemental general fund	Vocational education fund	K.S.A. 72-6433	68,407

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - Defined Benefit Pension Plan

Plan Description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions, KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Avenue, Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 established the KPERS member-employee contribution rate at 4% of covered salary for all employees hired prior to July 1, 2009. KSA 74-49,210 establishes the KPERS member-employee contribution rate of 6% of covered salary for all employees hired after July 1, 2009. Member-employees' contributions are withheld by the District and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 7.57% of covered payroll for July 1, 2009 to November 30, 2009 and from April 1, 2010 to June 30, 2010 and 8.57% of covered payroll for December 1, 2009 to March 31, 2010. These contribution requirements are established by KPERS and are periodically revised. The estimated Kansas contribution to KPERS for all Kansas public school employees for the years ending June 30, 2010, 2009 and 2008 were \$ 248,468,186, \$ 242,277,363, and \$ 220,815,154, respectively, equal to the statutorily required contributions for each year.

7 - Early Retirement Benefits

The District has a plan that provides early retirement benefits to certain eligible employees. To be eligible for early retirement benefits, employees must have been employed by the District for a minimum of fifteen years, must not be age sixty-five or older and must meet one of the following criteria: full retirement qualifications as required by KPERS or acquired eighty-five KPERS retirement points.

Benefits for eligible participants include receiving the longevity payments the employee was eligible for during the last year of employment and the opportunity to remain in the District's group health insurance plan at the employee's cost. These benefits will continue until the participant reaches age sixty-five.

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

8 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. Settled claims have not exceeded commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

9 - Statutory Compliance

The District expended monies in excess of available cash in the General Fund, Supplemental General Fund, and KPERS Special Retirement Fund. This was a result of K.S.A. 72-6417(d) and K.S.A. 72-6434(d) which require the District to record any payment of general state aid that is due to be paid during the month of June and is paid to the District after June 30 as a receipt for the year ending on June 30. The monies due the District from the State were received in July 2010.

Following is a reconciliation of unencumbered cash needed as a result of the late state aid payments:

	General Fund	Supplemental General Fund	KPERS Special Retirement Contribution Fund
Unencumbered cash balance at June 30, 2010 per audited financial statements	\$ (579,354)	\$ (244,552)	\$ (214,034)
State aid payments received July 2010:			
General state aid	579,354	-	-
Supplemental general state aid	-	275,105	-
KPERS state aid	-	-	214,034
	<u>579,354</u>	<u>275,105</u>	<u>214,034</u>
Unencumbered cash balance at June 30, 2010 for budget purposes	<u>\$ -</u>	<u>\$ 30,553</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Program Award
<u>United States Department of Education:</u>		
Passed through Kansas State Department of Education:		
Title I, Part A Cluster:		
Title I Grants to Local Education Agencies	84.010	\$ 161,935
Title I Grants to Local Educational Agencies, Recovery Act	84.389	39,895
		<hr/>
Total Title I Cluster		201,830
State Fiscal Stabilization Fund Cluster:		
State Fiscal Stabilization Fund, Recovery Act	84.394	728,241
Title II, Improving Teacher Quality	84.367	56,865
Drug-free Schools	84.186	3,549
School Preparedness	84.302	1,000
Education Technology	84.318	1,322
Data Systems Grant	84.372	800
Career and Technical Education	84.048	15,000
Special Education Cluster:		
Twenty-first Century Community Learning Centers	84.287	12,000
		<hr/>
Total United States Department of Education		1,020,607
		<hr/>
<u>United States Department of Homeland Security:</u>		
Disaster Grants- Public Assistance	97.036	1,462
		<hr/>
<u>United States Department of Agriculture:</u>		
Passed through Kansas State Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	65,325
National School Lunch Program	10.555	217,661
State Administrative Expenses for Child Nutrition	10.560	50
Child Nutrition Discretionary Grants ARRA	10.579	13,044
		<hr/>
Total United States Department of Agriculture		296,080
		<hr/>
Total federal awards		\$ 1,318,149
		<hr/> <hr/>

See accompanying notes to schedule of
expenditures of federal awards.

Unencumbered Cash Balance July 1, 2009	Amount Received	Disbursements, Accounts Payable, Encumbrances and Transfers	Prior-Year Canceled Encumbrances	Unencumbered Cash Balance June 30, 2010
\$ -	\$ 161,935	\$ 161,935	\$ -	\$ -
-	39,895	39,895	-	-
-	201,830	201,830	-	-
-	728,241	728,241	-	-
10,070	56,865	66,935	-	-
-	3,549	3,549	-	-
-	1,000	1,000	-	-
-	1,322	1,322	-	-
-	800	800	-	-
-	15,000	15,000	-	-
-	12,000	12,000	-	-
10,070	1,020,607	1,030,677	-	-
-	1,462	1,462	-	-
-	65,325	65,325	-	-
-	217,661	217,661	-	-
-	50	50	-	-
-	13,044	13,044	-	-
-	296,080	296,080	-	-
\$ 10,070	\$ 1,318,149	\$ 1,328,219	\$ -	\$ -

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

June 30, 2010

1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of Santa Fe Trail Unified School District No. 434. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the cash basis of accounting for revenues and the modified accrual basis of accounting for expenditures, which is described in Note 2 to the District's financial statements.

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

I. Summary of auditors' results:

Financial Statements

Type of auditors' report issued	Unqualified – statutory basis Adverse – GAAP basis
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Internal control over financial reporting:

Material weaknesses identified	None
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Significant deficiencies identified that are not considered to be material weaknesses	2010-1
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Noncompliance material to financial statements	None noted
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Federal Awards

Type of auditors' report issued on compliance for major programs	Unqualified
---------------------------------------------------------------------	-------------

Internal control over major programs:

Material weaknesses identified	None
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Significant deficiencies identified that are not considered to be material weaknesses	2010-1
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Findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	2010-1
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Identification of major program:

<u>CFDA Number</u> 84.394	<u>Name of Federal Program</u> State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund, Recovery Act
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SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Dollar threshold used to distinguish between type A and type B programs	\$ 300,000
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Auditee qualified as a low-risk auditee	Yes
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II. Financial Statement Findings

Finding 2010-1

Significant Deficiency – One employee processes and approves payroll, prepares and signs payroll checks, has access to signed payroll checks and the payroll system, and performs the bank reconciliation and all adjusting journal entries which are not reviewed by another employee.

Cause – Due to small size of the District, there is a limited number of employees to perform financial duties.

Criteria – Review and approval of the payroll records is important for the District to prevent the possible occurrence of errors or fraud.

Effect – The lack of approval and review of payroll records could lead to potential errors or fraud.

Recommendation – We recommend that procedures be implemented that would allow for the segregation of duties within and review of payroll records for the payroll cycle.

Management's Response/Corrective Action Plan (Unaudited) – Management is aware of the segregation of duties issues being raised and due to the small number of staff in the Business Office management has set procedures in place to reduce the possible misstatements. Management has looked at additional controls in the accounting process to help reduce any misstatements and will continue to review staffing and job duties to reduce any potential errors.

SANTA FE TRAIL UNIFIED SCHOOL DISTRICT NO. 434
CARBONDALE, KANSAS

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

III. Findings and Questioned Costs for Federal Awards

See 2010-1

Finding 2009-1

Significant Deficiency – One employee processes and approves payroll, prepares and signs payroll checks, has access to signed payroll checks and the payroll system, and performs the bank reconciliation and all adjusting journal entries which are not reviewed by another employee.

Cause – Due to small size of the District, there is a limited number of employees to perform financial duties.

Criteria – Review and approval of the payroll records is important for the District to prevent the possible occurrence of errors or fraud.

Effect – The lack of approval and review of payroll records could lead to potential errors or fraud.

Recommendation – We recommend that procedures be implemented that would allow for the segregation of duties within and review of payroll records for the payroll cycle.

Management's Response/Corrective Action Plan (Unaudited) – Management is aware of the segregation of duties issues being raised and due to the small number of staff in the Business Office management has set procedures in place to reduce the possible misstatements. Management has looked at additional controls in the accounting process to help reduce any misstatements and will continue to review staffing and job duties to reduce any potential errors.

Follow-up – Due to the small number of staff in the Business Office, the District has not been able to involve another employee in the payroll process. This finding is repeated in the current year as Finding 2010-1.



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Education
Santa Fe Trail Unified School District No. 434:

We have audited the financial statements of Santa Fe Trail Unified School District No. 434 (the District) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 21, 2010. Our report contained an adverse opinion because the financial statements were presented using accounting practices prescribed or permitted by the State of Kansas. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as Finding 2010-1 that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management in a separate letter dated September 21, 2010.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Berberich Trahan & Co., P.A.

September 21, 2010



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Santa Fe Trail Unified School District No. 434:

Compliance

We have audited the compliance of Santa Fe Trail Unified School District No. 434 (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2010. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2010-1.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Berberich Trahan & Co., P.A.

September 21, 2010